

Message Text

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14

ORIGIN EB-11

INFO OCT-01 EUR-25 NEA-10 ADP-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-15 NSC-10 L-03

/095 R

DRAFTED BY EB/OA/AVP:JASILBERSTEIN:JO

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EB/AN - MR. STYLES

EUR/NE - MR. OWENS

CAB - MR. MURPHY

L/EB - MR. MUIR

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R 202343Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY HELSINKI

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY NICOSIA

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ETRN, XG, FI

SUBJECT: CIVAIR - INTERNATIONAL AIR FARES AND PRICE FREEZE

REF : (A) HELSINKI 1960 (B) STATE 158152

1. AS EMBASSY AWARE FROM REF (B), INTERNATIONAL AIR FARES EXEMPTED FROM COLC CONTROL ACTION AS OF AUGUST 12.

2. EMBASSY SHOULD SEEK EARLY OPPORTUNITY TO APPROACH GOF AND, REFERRING TO FNCAB DEMARCHE REPORTED REF (A), STATE THAT USG WAS AWARE OF CONCERNS EXPRESSED BY GOF AND OTHERS RE IMPACT ON INTERNATIONAL AIR FARES AND RATES OF US COLC PRICE FREEZE. NEVERTHELESS, AS GOF WILL BE ABLE TO UNDERSTAND, COLC ACTION WAS COMPREHENSIVE ONE DESIGNED TO ATTACK INFLATION IN US WHICH HAS WORRISOME IMPLICATIONS GOING BEYOND PURELY DOMESTIC CONCERNS. INVOLVEMENT OF INTERNATIONAL AIR FARES WAS PURELY INCIDENTAL AND CLEARLY NOT MOTIVATED BY COMMERCIAL AIR TRANSPORT CONSIDERATIONS. IN ANY EVENT, IT OUR IMPRESSION IT HAD MINIMAL IF ANY IMPACT, PARTICULARLY AS REGARDS TRAVEL BETWEEN FINLAND AND THE UNITED STATES SINCE COLC ACTION DID NOT APPLY TO OPERATIONS BY FINNISH CARRIER AND NO US CARRIER CURRENTLY SERVING FINLAND. IN ANY EVENT, PROBLEM NOW MOOTED BY MOVE TO PHASE 4, REF (B).

3. USG WISHES TO POINT OUT TO GOF THAT (A) ACTION BY COLC, INsofar AS IT MIGHT HAVE AFFECTED OPERATIONS OF US FLAG CARRIERS, WAS SIMILAR TO FREQUENT ACTIONS IN PAST BY OTHER GOVERNMENTS DIRECTING THEIR FLAG CARRIERS TO FILE SPECIAL INTERNATIONAL TARIFFS, AND (B) AIR SERVICES BETWEEN US AND FINLAND ARE SUBJECT TO BILATERAL AIR TRANSPORT SERVICES AGREEMENT WHICH WAS IN NO WAY INFRINGED BY COLC PRICE FREEZE. SIMILARLY, AIR SERVICES BETWEEN US AND OTHER EUROPEAN COUNTRIES ARE SUBJECT TO BILATERAL AGREEMENTS---WHICH FREQUENTLY CONTAIN RATE ARTICLES (SIMILAR TO ARTICLE IX OF US-FINLAND AIR TRANSPORT SERVICES AGREEMENT) THAT REQUIRE CARRIERS TO FILE TARIFF CHANGES IN ADVANCE OF IMPLEMENTATION, BUT DO NOT IMPOSE REQUIREMENT OF ADVANCE INTERGOVERNMENTAL CONSULTATIONS---ARE CUSTOMARILY SETTLED

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IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT. USG WAS THEREFORE SURPRISED BY ECAC RESOLUTION AND BY REFERENCE THERETO BY FNCAB, PARTICULARLY SINCE GOF RIGHTS UNDER AIR TRANSPORT AGREEMENT WITH US WERE IN NO WAY AFFECTED BY THE MATTER TO WHICH THAT RESOLUTION REFERRED.

4. REPORT GOF REACTION TO FOREGOING. ROGERS

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